

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Periodic Reporting
(Proposal Five)

Docket No. RM2021-8

CHAIRMAN'S INFORMATION REQUEST NO. 1
AND NOTICE OF FILING UNDER SEAL

(Issued September 17, 2021)

To clarify the Postal Service's petition to consider proposed changes in analytical principles, filed August 4, 2021, the Postal Service is requested to provide written responses to the following questions.¹ The answers should be provided as soon as they are developed, but no later than September 24, 2021.

1. Please refer to the Petition. Please refer also to Excel file "FY20 CA Sur Trn Distr Key.xlsx," August 4, 2021 (Canada Surface Transportation Distribution Keys file). The Postal Service states that the "air and surface weights [from the Canada Surface Transportation Distribution Keys file] are used to distribute [System for International Revenue and Volume, Outbound (SIRVO)] weights because there are some differences between SIRVO and [Foreign Post Settlement (FPS)] data." Petition, Proposal Five at 6.
 - a. Please confirm that the FPS data that the Postal Service refers to is included in the Canada Surface Transportation Distribution Keys file. If not confirmed, please explain where the FPS data are included.
 - b. Please describe in detail the differences between SIRVO and FPS data.

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Five), August 4, 2021 (Petition).

- c. Please describe whether FPS data are census-based or whether they are based on sampling.
 - d. Please compare the accuracy of SIRVO and FPS weights.
 - e. Please refer to Excel file "Outbound Calcs.xlsx," August 4, 2021 (Outbound International Transportation file) and Excel file "Processed Air Transportation Data 2020.xlsb," August 4, 2021 (Processed Air Transportation Data file). Please confirm that the costs per kg for international air transportation, used in the Outbound International Transportation file, are based on weights included in the Processed Air Transportation Data file. Please also confirm that these unit costs are applied to SIRVO weights in the Outbound International Transportation file. If not confirmed, please explain. If confirmed, please refer to question f. below.
 - f. Please explain the accuracy of weight data included in the Processed Air Transportation Data file, and compare it to the accuracy of country-specific FPS and SIRVO weight data.
2. Please refer to Excel file "ICM Costing (Unified).xlsm," August 4, 2021, tab "ICRA_UnitCosts_Pivot." Please refer also to Docket No. ACR2020, Library Reference USPS-FY20-NP2, February 22, 2021, Excel file "ICM Costing (Unified).xlsm," tab "ICRA_UnitCosts_Pivot." Please confirm that the international transportation costs per pound (found in column F of each referenced file) for Canada (*i.e.*, rate group 1) increase between 1.6 and 5 times for all products other than "EMI" (as products are labeled in column A of each file) between the FY 2020 ACR docket and the instant proposal. If not confirmed, please explain. If confirmed, please refer to questions a. and b. below.
- a. Please explain whether the Postal Service evaluated the impact that the unit international transportation cost increases, referenced above, might

have on active outbound international negotiated service agreements (NSAs), for which international transportation costs were projected using the current methodology.

- b. Please describe in detail how the Postal Service monitors financial performance of outbound international NSAs.
3. Please refer to the Petition. Please refer also to the Canada Surface Transportation Distribution Keys file. The Postal Service explains that it applied “[t]he International Logistics rules of what was flown and what was trucked to Canada in FY20....” Petition, Proposal Five at 4.
- a. Please confirm that the International Logistics rules the Postal Service refers to are included in the Canada Surface Transportation Distribution Keys file, tab “Percent Surface.” If confirmed, please refer to questions b. through d. below. If not confirmed, please explain where the International Logistics rules for outbound surface volume to Canada are included in the instant docket. If none are included, please provide the International Logistics rules that apply to outbound mail to Canada, by mail class and international service center (ISC).
 - b. Please explain whether the International Logistics rules referenced in this question stem from the contractual agreement between the Postal Service and Canada Post Corporation or whether they are solely within the discretion of the Postal Service.²
 - c. Please explain whether the International Logistics rules can change and, if so, describe how frequently they change and the reasons that would lead to change in these rules.

² For example, if the International Logistics rules require that all mail from an ISC to a plant in Canada is routed via surface, do the rules also require that all mail on the return portion of trip is also routed via surface?

- d. Please explain whether the International Logistics rules are the same during the peak and off-peak periods, or whether they differ. Please also explain whether the peak period(s) for outbound international volume from the United States to Canada generally coincide(s) with the peak period(s) for outbound international volumes from Canada to the United States.
4. Please refer to the Outbound International Transportation file, tab “trnadj.” Please refer also to the Petition. The Postal Service states that “[a]ccount 53281 is directly allocated to Canada mail categories, and thus no benchmarking is required. Canada air and surface costs are calculated separately.” Petition, Proposal Five at 6.
- a. Please confirm that the Postal Service distributed the surface transportation costs from account 53281 (cell E108) to airmail and to International Surface Air Lift mail categories according to total (NSA + non-NSA) surface kilograms (see cells T29:T43 for surface kilograms; see cells AA29:AA43 for surface transportation costs from account 53281 distributed to products). If not confirmed, please explain. If confirmed, please refer to questions b. and c. below.
 - b. Please confirm that the international transportation costs for NSA volumes (cells R107 and R115) include portions of expenses from account 53281. If not confirmed, please explain.
 - c. Please refer to cells H105 (nonISALFac) and H111 (ISALFac). Please provide the formulae used to calculate the values for nonISALFac and ISALFac. Please also explain, in detail, the numerator and the denominator values in each of the provided formulae.

5. Please refer to the Petition. The Postal Service explains that its thorough review of international transportation costs revealed that account 53281 is “solely for expenses incurred for transporting mail to Canada by highway.” Petition, Proposal Five at 2. Consequently, in the instant proceeding, the Postal Service proposes to distribute outbound surface transportation expenses reported in General Ledger account 53281 (INTERNATIONAL SURFACE TRANSPORTATION) to international mail categories transported to Canada by surface. *Id.* at 1. Please explain in which General Ledger account the Postal Service records expenses incurred on international ocean surface transportation.
6. Please see Attachment filed under seal.
7. Please see Attachment filed under seal.
8. Please see Attachment filed under seal.

By the Chairman.

Michael Kubayanda